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Memorandum of Telephone Conversation

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Nota de Archivo: *Washington. Source: National Archives, Nixon Presidential Materials, NSC Files, Box 775, Country Files, Latin America, Chile, Vol. V. Confidential. In an August 26 covering memorandum to Kissinger, Nachmanoff wrote, "the line I took was coordinated with State and Ex-Im." (Ibid.) A stamped notation at the bottom of Nachmanoff's memorandum indicates Kissinger saw it.*

Orlando Letelier, Ambassador of the Republic of Chile

Arnold Nachmanoff, National Security Council Staff

Boeing Loan

Mr. Nachmanoff said that Dr. Kissinger had asked him to call the Ambassador about the matter which was discussed during the meeting with him last week. He said:

"We regret that the Boeing matter has been brought to the attention of the press during this interval. Dr. Kissinger does want you to know that he has taken another look at the Boeing loan case, as you requested, and wishes to assure you again that there is no political constraint on the Export-Import Bank, and that the loan is being handled essentially as a banking matter.

"It is our understanding from the Bank that this issue is still open and that no final decision has been taken. We understand that Kearns is prepared to continue discussions with you and has indicated to you those points which the Bank wishes to see further clarified by the Chilean Government.

"In view of the Bank's position that the doors are still open, we were surprised about the statements attributed by the press to you that the Bank's attitude constitutes an unfriendly act—we assume this was not accurate, of course.

"Dr. Kissinger wants to assure you of our desire to maintain good relations with Chile, but he does not intend to intervene any further in this individual loan case, because after looking at it, it is being handled equitably by the Bank as essentially a banking or commercial matter."

[Note: The foregoing comments by Mr. Nachmanoff were interrupted by unintelligible grunts.]

Ambassador Letelier: "As you know, the door that Ex-Im Bank—that Mr. Kearns—says is still open is really a closed door because there is a problem of timing, for it is absolutely impossible for the Chilean Government to work against its constitution and be able to say today how much money is involved for American companies. I think it is up to us to present to the Ex-Im Bank an explanation of the procedure and assure them of our willingness to cooperate to the extent that we can to international law in accordance with the Chilean constitution. As a matter of fact, only last week the companies presented to the office of the Comptroller in Chile their figures and their claims, and this is a procedure that will take

almost four months.

“Then, the alternative that Mr. Kearns put in front of me that before considering the operation it was necessary to have a kind of clear picture of this situation is impossible; no matter what our position is, and how much—we really don’t know now. There is a fact that implies postponement of one operation that makes it impossible to go ahead. From that point of view, it puts us in a very difficult situation. There is no way to give that now—I told Kearns what the situation is and what could happen and said that it was impossible for the President to say today—nobody can tell him now. What we did was to present a letter about the situation on all the other elements. We explained our willingness to act in a positive way for international law. The reaction of Kearns was negative to go ahead in any other way. That is a very candid way of saying no.”

The Ambassador continued, saying “I see Dr. Kissinger’s point that this is not a political matter. In some ways it is not a banking problem, but a financial problem and from that point of view I understand quite clearly the message being passed to me.”

Mr. Nachmanoff replied that he could not speak to the details of what Mr. Kearns has asked, “but of course I think you understand that a factor in his consideration from a banking point of view undoubtedly is to seek some clarification of some of the uncertainties and ambiguities in the procedures for compensation, and he might like to see some positive signs of progress in things—for example, Cerro. But this is something that you and Kearns will have to discuss in further detail. Our understanding is that he is prepared to talk further and to seek some further clarification. From the Bank’s point of view, the matter certainly isn’t closed.”

Ambassador Letelier said that he appreciated that information. “There is a problem that worries me. I gave all the information about the Cerro situation. The President of Cerro is flying next week to Chile to have a discussion with our President, and as far as I understand they are making a press release today saying they have received from Chile very satisfactory treatment. They are making that kind of statement. On Kennecott and Anaconda, they presented their papers to the Comptroller only last week—Thursday or Friday. Things are working. It doesn’t matter which party is in in Chile—what is really happening I think is clear. The situation is this then: we are in the middle of the procedure and a kind of flux. I am pleased to know that the door is open.”

Mr. Nachmanoff said that “As Dr. Kissinger mentioned in the meeting, we recognize the timing problem, but it works two ways. I am sure the Bank also has a problem too in the sense of needing some further sound information.”

Ambassador Letelier interrupted to say that it was impossible to give Mr. Kearns what he said he needed in time in order to have his own opinion of the picture. “It wasn’t very clear what he wanted. He told me this thing of the copper companies was a financial matter. If in some way it would be possible to get some kind of indication in a more clear way of what Ex-Im needs to know, what would be a factor element for the Ex-Im Bank, I would be glad to work on them and try to produce them. But really when I asked Kearns to tell me what exactly he wants, he didn’t tell me anything clear.”

Mr. Nachmanoff said that “maybe this can be discussed further and worked out between you and the Bank. Let’s hope so.”

Ambassador Letelier said that “in order to clarify what should be a factor element for the Bank, we would be very interested to try to go back. I think, too, that it will be necessary to have some thinking of the problem.”

Mr. Nachmanoff replied that this is something that the Bank itself must decide, and that these are the details which Dr. Kissinger said we cannot go into.

Ambassador Letelier stressed that the reason for talking with Dr. Kissinger was not the loan itself, but to look into the discussion which could have some sort of political implication.

Mr. Nachmanoff ended the call by saying that he would tell Dr. Kissinger of this conversation.